

DECISION MEMORANDUM

**TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: WELDON STUTZMAN
DEPUTY ATTORNEY GENERAL**

DATE: APRIL 13, 2010

**SUBJECT: IDAHO POWER'S APPLICATION TO INCREASE ITS RATES TO
RECOVER ITS 2010 CASH CONTRIBUTION TO DEFINED BENEFIT
PENSION EXPENSE, CASE NO. IPC-E-10-08**

On March 15, 2010, Idaho Power Company filed an Application for an order approving an increase in rates, effective June 1, 2010, to allow recovery of the Company's 2010 cash contribution to its defined benefit pension expenses. In February 2010, the Commission issued Order No. 31003 directing the Company to establish a balancing account to track the difference between cash amounts contributed to its pension plan and the amounts included in rates. The Company's Application states that its actuary has determined that a cash contribution is necessary to its pension plan for the year beginning January 1, 2009. The Company expects the contribution amount to be \$5,822,145 as of September 15, 2010. The amount allocated to the Idaho jurisdiction, minus a small reimbursement from a separate IDACORP subsidiary, is \$5,416,796.

Idaho Power's Application seeks approval of \$5,416,796 in pension cost recovery over a one-year amortization period to allow recovery contemporaneous with the Company's 2010 cash contributions to the defined benefit pension plan. The Company proposes to proportionately divide the Idaho-allocated share of the 2010 cash pension payments by total Idaho base revenues forecast for the period June 2010 through May 2011. The Company also proposes to recover the 2010 contributions by an equal percentage rate applicable to all base billing components within each customer class rate schedule. This approach results in a rate

increase of .77% for each class of customers served by Idaho Power. The Company's proposed revised tariff sheets are Attachment 1 to its Application.

The Company requests that its Application be processed by Modified Procedure. Staff recommends that the Commission issue a Notice of Application and Notice of Modified Procedure, establishing a comment period of 21 days, to process the Company's Application for a rate increase to allow recovery of the Company's 2010 cash contribution to its defined benefit pension expenses.

COMMISSION DECISION

Should the Commission issue a Notice of Application and Notice of Modified Procedure to process Idaho Power's Application, establishing a comment period of 21 days?

A handwritten signature in black ink, appearing to read 'W. B. Stutzman', written over a horizontal line.

Weldon B. Stutzman
Deputy Attorney General

bls/M:IPC-E-10-08_ws